



Biweekly Narrative Seafood Report (No: 3-2002): Korea

Prepared by Alaska State Trade Representative in Korea

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1. Korean Economy Update

Recent economic indicators suggest that, on the whole, the Korean economy shows signs of recovery. The GDP growth is expected to be in the 3 percent range in the first half of 2002, with the rate likely to climb to the 5 percent level in the second half. The year's projection is higher compared to the 2001 GDP growth rate, estimated to attain about 2.9 percent. Moreover, indicators such as consumption and the prices of stock hint at the possibility that the economy has entered the recovery stage. The recent increase in consumption is aided by aggressive policies, including low interest rates and an expansionary fiscal package, and the wealth effect, due to the brisk activity of the stock and real estate markets.

Nevertheless, it is too early to conclude from such indicators that the economy has reached the full-scale recovery phase because economic recovery is usually accompanied by upturns of manufacturing, facility investment, and exports. It might be reasonable to regard such positive indicators as a passing phenomenon of the adjustment stage. In particular, this year's political elections and international sporting events may affect market sentiment. If the economy becomes overheated and then excessively cools off due to these events, the Government's basic goal toward economic stability could become shaken.

Therefore, the Government is to implement macroeconomic policies to prevent immoderate economic upturns and downturns to maintain the economy's stable growth. Towards that end, the Government will boost domestic demand through fiscal and monetary measures to stimulate and turn around sluggish exports and investments. No less than 65 percent of the Government's budgetary expenditures for 2002 will be disbursed in the first half of the year. To better meet the needs of corporate financing, the Government will induce stability in long-term interest rates.

Meanwhile, in anticipation of the major events in Korea – political elections, the 2002 World Cup and the Asian games – the Government will strive to maintain low inflation, while applying economic policymaking consistently as well as pursuing reform measures equitably.

(Source: The Ministry of Finance & Economy, Republic of Korea)

2. Fisheries News in Korea



The Price of Frozen Pollack `Jumping`

The diminished fishing quota in Russian waters and the large stock of some distributors caused the price of frozen pollock to increase over 30 percents. Frozen pollocks (4 or 5) in a basket sells for 5 thousand won in Noryangjin Fisheries Wholesale Market, Seoul, January 7th.

(Source: January 8, 2002, the Dong-A Ilbo, Seoul, Korea)

Inspection Procedure on Imported Marine Products Revised

Hygiene inspections on imported fisheries products are likely to undergo some adjustments according to the Maritime Affairs and Fisheries Ministry, Tuesday, which is considering taking sample surveys of Chinese seafood goods, as opposed to the current system that relies on random checks on the total shipment of goods. An official said the ministry is mulling over the possibility of assigning a portion of the task to relevant import companies.

The heightened inspection plan comes as part of efforts to stave off possible aggravation in trade conflicts over fisheries goods between Korea and China. The Chinese government had earlier raised issue against the current procedure following the detection of lead pellets in fisheries products shipped to Korea.

(Source: February 9, 2002, Arirang TV, Seoul, Korea)

More Fish Returned to China Due to Lead Contamination

The Ministry of Maritime Affairs and Fisheries announced Sunday its National Fisheries Products Quality Inspection Service and customs officials at Busan had ordered the return of a 16-ton shipment of Chinese "Okdu tilefish," in which three fish were found to contain 3cm lead objects. Prior to this on February 1, the NFPIS returned a 26-ton shipment of the same fish to China after finding 11 contaminated with similar-sized pieces of lead. Okdu known as the premier tilefish with enhanced taste currently commands a high market price.

On January 4, also in Busan a 25-ton shipment of imported frozen yellow croakers from China was returned to the port of origin since it contained three lead objects. Ministry official Park Deok-bae said that it was strengthening examinations with metal detectors to keep harmful imported marine products from being distributed on the domestic market, adding intensive discussion would be held with Beijing in working level meetings to be held soon.

(Source: February 17, 2002, the Chosun Ilbo, Seoul, Korea)

Russia Doubles Fee for Pollack Fishing

The Russian government has increased the fishing fee for Pollock in its territorial waters, triggering fears that the domestic consumer price of the fish would go up sharply in the future. Late last year, Russia cut its Total Allowable Catch (TAC) quota for Korea this year to about half of what it was last year.

The Ministry of Maritime Affairs and Fisheries (MMAF) announced Friday that the Russian government fixed the Pollock fishing fee for its own fishing industry at US\$580 per ton, more than twice last year's US\$250.

The ministry said that the raised fee would be applicable to Pollock fishing in the northern waters of the Sea of Okhotsk and off the Kuril Islands. Although Korean deep-sea fishing firms are not allowed to operate in these waters this year, they will be subject to the raised fishing fee in other major fishing zones, including the Bering Sea, in which the Russian government is expected to carry out an international auction for private-sector quotas on Pollock fishing in March or April.

(Source: January 25, 2002, the Chosun Ilbo, Seoul, Korea)

3. Weekly Trend of Wholesale Fisheries Market in Korea

Transaction of Imported Seafood in 2001 by month

Month	Volume	Value
January	250,690	2,649,014,110
February	242,724	2,540,864,520
March	100,378	516,822,040
April	231,052	685,226,880
May	276,140	567,184,800
June	110,730	338,540,810
July	68,637	236,269,490
August	140,132	364,680,650
September	73,442	201,553,550
October	98,620	295,721,530
November	147,042	417,366,290
December	94,479	290,256,100
Total	1,834,066	9,103,500,770

(Source: the Noryangjin Wholesale Fisheries Market, Seoul, Korea)